

# Memorandum



**Date:** January 25, 2007

**To:** Honorable Chairman Bruno A. Barreiro, and  
Members, Board of County Commissioners

Agenda Item No.

12(B)2

**From:** George M. Burgess  
County Manager

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of George M. Burgess.

**Subject:** Report: Miami-Dade Transit (MDT) Property Sales Status Update

This report has been prepared to inform the Board of the current status of Miami-Dade Transit's (MDT) disposal of real property assets, the proceeds of which will be used to eliminate the Department's existing cash deficits in the operating and grant funds.

MDT has identified a total of twenty-one (21) properties that are available for sale. MDT created a Property Task Force to review and recommend potential transit properties for disposition versus those which needed to be retained for transit use. Of the 21 properties, nine (9) parcels will require extensive preparation and due diligence, while the remaining 12 have been identified as an asset portfolio for potentially prompt disposal and not needed for transit operations. The following report identifies those twelve (12) properties considered candidates for surplus disposition, their estimated or appraised value, lot size, current status and other relevant property details. All properties identified for sale will be disposed of in accordance with County policies.

The identified parcels are: Okeechobee Station, Brownsville Station, Douglas Road Station, U.S. 1/SW 296th Street, Dadeland North/Dadeland South, Brickell First, Brickell Parcel, Santa Clara, Coconut Grove, East 25th Street and 6th Avenue, Allapattah Parcels, and the Palmetto Station. These properties include 5 vacant, 4 encumbered and 3 unencumbered suitable for development (labeled V, E, or U respectively below). The estimated gross total market value of this portfolio is \$87,735,018, and, after transaction costs, the net yield upon closing is projected at \$70,000,000.

It should be noted that most of the properties identified herein are part of the Rapid Transit Zone and therefore have not been zoned. MDT has asked the Department of Planning and Zoning (DPZ) to establish development standards for these properties prior to the sale in order to give potential buyers a better understanding of what can be built on these properties. This proposed ordinance will be presented to the Board after it has been reviewed by all relevant departments.

Sale of any of the properties contained in this report will be subject to approval from the Federal Transit Administration (FTA).

## **1. Okeechobee Station (E)**

Size: Approximately 13 acres

Estimated value: \$4,860,000

How determined: Independent Appraisal July 2006

Type of Urban Center: Community Urban Center

Proposed uses: minimum 2 uses from business, civic, outside food sales and services, residential housing and elderly housing.

Height: maximum 15 stories

Floor Area Ratio (FAR): minimum 1.5

Density: maximum 125 units per net acre

Open space: minimum 15%

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The Property Task Force reviewed the Okeechobee property and agreed that most of this property could be sold as long as MDT retains all property required for operation and maintenance of the transit system. A survey was ordered on June 29, 2006. An appraisal was completed and determined that the Fair Market Value (FMV) of the property is \$4,860,000.

MDT has been negotiating with Jubilee CDC, a not-for-profit organization, for a lease to develop this site. Negotiations have been on-going for two years. The property consists of a structured garage, several bus bays and a surface parking lot. MDT has discussed the sale of this property with Jubilee CDC and they have indicated a strong preference to purchase the property rather than lease it.

**2. Brownsville Station (E)**

Approximately 8½ acres

Estimated value: \$2,300,000

How determined: Independent Appraisal March 2005

Zoning: Dr. Martin Luther King, Jr. Corridor Subzone (Sec. 33C-7)

Permitted uses: mixed use including but not limited to residential, office, hotel, clubs, restaurants, theatres, retail, etc.

Height: maximum building height shall not exceed 150 feet

Floor Area Ratio (FAR): maximum FAR shall not exceed 3.0

Open space: minimum open space shall be 25%

At the May 9, 2006 Board meeting, through Resolution No. 521-06, a lease agreement with an option-to-buy for this property was awarded to the Transit Workers Union (TWU). TWU has expressed an interest in purchasing the property. The process to sell this property has already begun. A survey has been ordered and is due by October 2006. Upon completion of the survey, MDT will determine how much of the property has to be retained and how much can be sold, after which time the property will be appraised and all necessary actions will be taken to conclude the sale. If TWU exercises its purchase option under the lease, the sale of the surplus property at the Brownsville Station could be completed as early as December 2006.

**3. Douglas Road Station (U)**

Approximately 7 acres

Estimated value: \$28,749,600

How determined: Independent Appraisal November 2005

Type of Urban Center: Community Urban Center

Proposed uses: minimum 2 uses from business, civic, outside food sales and services, residential housing and elderly housing

Height: maximum 15 stories

Floor Area Ratio (FAR): minimum 1.5

Density: maximum 125 units per net acre

Open space: minimum 15%

Negotiations for joint development of this site have been on-going for 42 months. Due to insurmountable differences between MDT and the Developer, the Negotiation Committee recommended termination of negotiations with the Developer. This recommendation was forwarded to the Board, however, during consideration by the Regional Transportation Committee, the item was amended to delete a sentence referencing the department's intent to hire appraisers and advertise the sale of the property. The Committee also requested that plans for the parcel be provided to the Board prior to any advertisement for sale and that the possibility of constructing affordable housing at the site be explored. The amended item was adopted by the Board on October 10, 2006.

A supplemental report prepared for the October 10 Board meeting explained that although the FTA allows benefits accruing from a joint development project (i.e. increased ridership, creation of urban centers, reducing the use of private vehicles) to be considered in the determination of the property's value, it is unlikely that these benefits would sufficiently reduce the land value to make affordable housing financially feasible at the Douglas site. One of the main reasons for terminating negotiations was that this property has a FMV of \$150/square foot. Under normal conditions, such a high land value would make affordable housing prohibitive. Another consideration is that, inasmuch as this property was purchased with federal funding, federal regulations require that the property be sold for FMV and that the proceeds be put into capital improvements for the transit system, or be returned to the FTA. Due to the high land value and escalating construction costs, affordable housing would be difficult to locate at this station. Given that MDT is currently facing the task of eliminating the pre-surtax deficit, the high land value of the Douglas Station provides the opportunity for MDT to take advantage of the current market conditions to maximize the return at this site. As outlined in the October 10 supplemental report, MDT currently has several affordable/workforce housing projects in place and a number of future opportunities available, and will continue to aggressively pursue opportunities for the development of affordable housing at other station locations.

**4. U.S.1/S.W. 296th Street (V)**

Approximately 2.97 Acres

Estimated value: \$3,285,000

How determined: Independent Appraisal September 2006

Zoning: BU-2 (Special Business District), BU-1A (Limited Business District) and BU-3 (Liberal Business District)

The process to dispose of this parcel has already begun. A Property Action Request (PAR) has been submitted to the General Services Administration (GSA). MDT is awaiting word from GSA on the status of this sale. MDT has received at least one (1) unsolicited proposal to purchase this property.

**5. Dadeland North/Dadeland South Stations (E)**

Approximately 16½ acres

Estimated value: \$30,000,000

How determined: Estimate based on tax rolls

Zoning: Downtown Kendall Urban Center District (DKUC)

Acreage is built out at both station sites

An appraiser has been selected to appraise the Dadeland North and Dadeland South properties which are presently encumbered by joint development leases. All phases have individual legal descriptions and are platted. As mentioned above, these properties contain on-going and thriving joint development projects.

A sale of these parcels would represent a sound business strategy for the lessees or a good investment opportunity for a buyer who will need to purchase the properties subject to the leases. Staff has been meeting with the Tenants to: 1) gauge their interest in purchasing the properties, and 2) solicit their input in directions to be given to the appraiser. All Tenants have expressed an interest in purchasing their leased properties, although the sales will have to be accomplished through a competitive bid process. MDT has submitted the requisite PARs for GSA to ready the property for sale. All phases of Dadeland North and Dadeland South can be sold. An agenda item to the Board will be ready by January 2007 requesting authorization to sell all phases.

**6. Brickell First (V)**

Approximately 4,016 acres

Estimated value: \$300,000

How determined: Negotiated settlement based on two (2) Independent Appraisals and an Appraisal Review of both completed March 2006

MDT submitted a Board item for private sale of the property. The item was approved by the Board on September 12, 2006. Based on the latest appraisal, MDT will receive approximately \$300,000 for this property. GSA is currently in the process of closing on this sale.

**7. Brickell Parcel (V)**

Approximately ½ acre

Estimated value: \$1,180,000

How determined: Independent Appraisal March 2003

This property is bi-sected by the Metromover guideway between S.E. 6th and S.E. 7th Streets. It is currently unencumbered by any leases or negotiations. The parcel is approx. 300 ft. long and 92 ft. wide on the south side and 67 ft. wide on the north side. The property on the east side of the guideway is too narrow and therefore, unbuildable. MDT's Office of Safety and Security has recommended that a 10 ft. buffer remain on the west side of the guideway, leaving a width of approximately 40 feet on the south half of the property. Therefore, the only potentially buildable portion is a 40 x 150 ft. lot. The adjacent property is currently used as tennis courts and therefore, may be of value to the adjacent owners. Otherwise, the parcel may be marketable for parking; however, its sales value would be greatly diminished.

**8. Santa Clara Station (E)**

Approximately 1 1/3 acre

Estimated value: \$2,300,000

How determined: Tax Rolls

Zoning: Santa Clara Master Plan Development Standards (City of Miami Resolution 01-83)

Permitted Uses: residential, hotel, business, office and civic, outside food sales and services

Height: maximum building height shall not exceed 250 feet

Floor Area Ratio (FAR): minimum 0.75, maximum 4.0

Open space: minimum 15%

Acreage is built out at this station

This site is encumbered by a long-term joint development lease that commenced in 2001. The project contains a fully-developed, fully-occupied, 2-building, 400-unit affordable residential housing joint development project. Since the opening of this project, MDT has seen an 87% increase in weekday boardings at this Metrorail station. The Tenant has expressed interest in purchasing property from County.

**9. Coconut Grove Station (E)**

Approximately 5 acres

Estimated value: \$7,895,895

How determined: Tax Rolls

Type of Urban Center: Community Urban Center

Proposed uses: minimum 2 uses from business, civic, outside food sales and services, residential housing and elderly housing

Height: maximum 15 stories

Floor Area Ratio (FAR): minimum 1.5

Density: maximum 125 units per net acre

Open space: minimum 15%

In addition, a determination will also need to be made as to how many parking spaces need to be retained for current demand and future growth. MDT is presently evaluating a sale versus lease option for this property.

MDT is confident that this property disposal plan, in combination with other efficiencies already undertaken by the Department, will allow for an expedient resolution to the existing cash deficits in the operating and grant funds.

  
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Assistant County Manager

10/13/06  
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Date